

WhatTheyThink?

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Why Printers are Vulnerable to Brokers, Distributors, and Print Management Companies

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By Jennifer Matt

Question: What does a printer bring to a sales meeting?

Answer: Print samples.

Question: What does a broker/distributor/print-management company bring to a sales meeting?

Answer: Dashboards, reports, and data about how they can improve the customer's business and save them money.

Do you see why printers might be vulnerable to being replaced by a broker, distributor, or print management company?

Customers assume you can print. What they are looking for is how you can help them get other parts of their job done, make their lives easier, and give them all the information (data) to report up through their bosses about what a great job they are doing. Customers want you to extend your value proposition beyond the delivery of printed products. Since brokers, distributors, and print management companies have to provide value above and beyond the manufacturing of print, they lead with providing these solutions. There is nothing preventing printers from leading with what the customer actually cares about, other than the need to break old habits and adapt to the new realities of the information age.

“Land was the raw material of the agricultural age. Iron was the raw material of the industrial age. Data is the raw material of the information age.”

— Alec Ross, Senior Fellow at Columbia University's School of International & Public Affairs.

We are squarely in the information age, customer's wants access to data that makes their job easier, makes you an easier vendor to buy from, and provides insight into their business. A print broker, distributor, or print-management company sells the “service” of procuring and managing print related logistics. Printers generally give this “service” away as part of providing the printed product.

There are three reasons printers are vulnerable to displacement by brokers, distributors, and print management companies.

1. Printers fail to deliver the data customer's desire (order status, order history, roll-up reports on monthly, quarterly, and annual spending, etc.)
2. Printers limit their sales efforts to what they can manufacture themselves (this forces the customer to potentially have many different vendors to meet all their needs)
3. Printers don't invest in and properly implement the technology required to be a data-driven organization (the data isn't being captured in a manner that can be utilized by both the printer and their customers).

REASON #1: Printers Fail to Deliver the Data Customer's Desire

Ask yourself this very important question. How good are you at giving your customers all the data they want about the business they are doing with you? If your customer is constantly asking for more reports and you are simply responding to their requests – you are vulnerable. Don't make the customer work for data about the business they do with you. As soon as a broker walks in there and shows them 2-3x the data, analytics, and business intelligence – essentially showing the customer data that they didn't even know they needed or wanted, you are at risk.

“Data helps us make better decisions and we have access to more data than we ever have before, exponentially more.”

Why is data so important? Data helps us make better decisions and we have access to more data than we ever have before, exponentially more. Online businesses which are 100% self-service, meaning it's very hard to ever talk to another human have had to go to great lengths to make everything the customer may want available online. This empowers the customer to do business with them when it's convenient for the customer and without the expense of your labor. Why should a customer have to get you on the phone during business hours to request a duplicate of an old invoice or re-order something from inventory? Data is critical, access to data is a differentiator, taking that data and presenting it in a way that produces business intelligence for your customer is a homerun.

REASON #2: Printers Limit Their Sales Efforts to What They Can Manufacture

Virtually every company in the world is trying to simplify their procurement efforts; the easiest way to do that is to limit the number of suppliers you buy from. When you sell only what you can manufacture then you limit the solutions you can offer the customer with whom you've developed a trusted relationship. Most printers outsource but not actively through their sales team, they outsource the small parts of a job that they don't do like die-cutting or perfect binding. They still primarily sell products that they can do the majority of the manufacturing on.

So your sales team has done the hard work of developing a trusted relationship with the customer. By selling only what you manufacture, you limit the amount of business and services you can provide through this established trusted partner. Yes, this means you have to become good at sourcing/procuring print that you don't manufacture! There is a limit to how many trusted relationship routes your sales team can establish and maintain, why limit the amount of revenue that can flow through those routes?

Many printers avoid outsourcing because they view it as not as optimal as a job that perfectly fits your equipment and your labor. Outsourcing by definition is not optimal for your equipment/labor but it is still an excellent way to build more business at a solid margin. You simply have to build systems around it so that you capture the expected margin and your team executes on the outsourcing events. The risk of not doing this is that the customer will move all their business (the sweet spot jobs for your equipment and the outsourcing jobs) to a single source supplier who promises to simplify their lives by have one resource.

REASON #3: Printers Don't Invest in and Properly Implement the Technology Required to be a Data-Driven Organization

Printers are focused on print manufacturing investments, just go to GraphExpo or Drupa and look at the traffic in front of new presses and then go hang out in the quiet software booth areas. I know presses are important, I also know there is an obnoxious amount of excess capacity in our industry and as the press manufacturers have been doing a great job making high-quality print of all types easier and easier to manufacture, we as an industry have done very little to make print easier to BUY.

So the customer is stuck wondering why a very sophisticated print supplier can't easily provide them the data they need to manage, evaluate, and monitor the business they are conducting with them. Worse yet, the customer doesn't have the self-service tools to go and access this data when it's convenient for them. If you are hanging your hat on your ability to jump every time your customer requests a report or specific data, then step back and think about the customer burden in this scenario. A competitor with a self-service dashboard which gives the customer access to data, analytics, and business intelligence would make you look quite antiquated.

What really drives me crazy is when I'm working with a printer who has just purchased two new digital presses, well into six figures and he's wondering how I could possibly recommend a web-to-print solution that is \$300/month! To keep those presses running profitably, you need to invest in software that will decrease the costs of getting jobs on the press (all the people that touch the order before it actually lands in production) and you have to offer solutions to your customers beyond the printed page.

“The two key software investments required to build a data-driven organization are Print MIS and web-to-print.”

The two key software investments required to build a data-driven organization are Print MIS and web-to-print. The Print MIS is the most important, not the act of buying the software (that's the easy part), the actual implementation of this software system so that it makes you a data-driven organization AND allows you to use data to create differentiation in the marketplace with your customers. We typically don't think of the Print MIS as customer facing but the data the Print MIS captures has to eventually make it out to the customer if you're going to compete in the information age. Web-to-print technology allows you to segment your jobs into “self-service and full-service” so that that you can both reduce your labor costs on jobs by allowing your customer to submit on their own and you provide the customer with the convenience they desire.

Quality manufacturing used to be the differentiator, we have moved into a new era where quality manufacturing is expected and solutions are the new differentiator. In the information age, the solutions will be dominated by those companies who can control, manage, and utilize data to deliver value-added solutions around their manufactured product.

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